



2013 ASSEMBLY BILL 899

March 31, 2014 – Introduced by Representative SHANKLAND. Referred to Committee on Energy and Utilities.

1 **AN ACT to amend** 196.025 (1) (c) 1. and 196.378 (4m) (a); and **to create** 196.378
2 (4j) of the statutes; **relating to:** value of solar tariffs for electric utilities.

Analysis by the Legislative Reference Bureau

This bill requires the Public Service Commission (PSC) to require each retail electric utility to file tariffs for the utility to purchase electricity generated by solar facilities with a capacity of one megawatt (MW) or less that are located on the premises of the utility's customers. Under PSC practices, "tariff" refers to a filing that a public utility makes with the PSC that sets forth rates, terms, and conditions of service. The bill refers to a tariff that is required to be filed under the bill as a "value of solar tariff." The bill requires the PSC to approve a value of solar tariff that satisfies the requirements below.

First, the tariff must establish kilowatt hour rates for the purchases that are calculated under methodologies established by the PSC. The methodologies must allow an electric utility to recover the cost of providing service to retail customers while taking into account the value of the electricity purchased, including the value resulting from its generation and delivery. Environmental value must also be taken into account, as well as the value to the electric utility of lower generation and transmission costs and fewer distribution and transmission losses. The PSC must allow public comment on any proposed methodology for at least 90 days before establishing the methodology. Second, the kilowatt hour rates for customers that are established under the tariff may not be less than the electric utility's retail rates for customers in the same class. Third, a tariff must require that customers sell electricity generated by solar facilities to the same electric utility that provides

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service to the customers. Finally, the tariffs must satisfy certain requirements for crediting customer bills for net inputs to the utility's system that result from purchases.

The bill also requires the PSC to subject the filing and approval of value of solar tariffs to the same procedural requirements that the PSC applies to tariffs that offer net metering. Under PSC orders, net metering refers to requirements for an electric utility to credit customers for certain electricity generated at customer premises. Also, if a retail customer's solar facility with a capacity of one MW or less is eligible for net metering offered by an electric utility, the bill gives the customer the option of accepting net metering or requiring the electric utility to purchase electricity generated by the solar facility under a value of solar tariff. The bill requires the PSC to ensure that value of solar and net metering tariffs allow retail customers to exercise that option on a periodic basis.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 196.025 (1) (c) 1. of the statutes is amended to read:

2 196.025 (1) (c) 1. In a proceeding in which an investor-owned electric public
3 utility is a party, except a proceeding on a value of solar tariff required under s.
4 196.378 (4j) (b), the commission shall not order or otherwise impose any renewable
5 resource requirements on the investor-owned electric public utility if the
6 commission has fulfilled all of its duties under s. 196.378 and the commission has
7 informed the utility under s. 196.378 (2) (c) that, with respect to the most recent
8 report submitted under s. 196.378 (2) (c), the utility is in compliance with the
9 requirements of s. 196.378 (2) (a) 2.

10 **SECTION 2.** 196.378 (4j) of the statutes is created to read:

11 196.378 (4j) VALUE OF SOLAR TARIFFS. (a) In this subsection:

12 1. "Solar facility" means a facility that generates electricity from solar energy
13 and that has a capacity of one megawatt or less.

14 2. "Value of solar tariff" means a tariff approved under par. (b).

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1 (b) The commission shall require each electric utility to file tariffs for the
2 electric utility to purchase electricity generated by solar facilities located at the
3 premises of retail customers. The commission shall approve a tariff that satisfies all
4 of the following:

5 1. The tariff establishes kilowatt hour rates for the purchases that are
6 calculated under methodologies established by the commission that allow an electric
7 utility to recover the cost of providing service to the retail customers while taking into
8 account the value of the electricity purchased, including the value resulting from its
9 generation and delivery, its environmental value, and the value to the electric utility
10 of lower generation and transmission costs and fewer distribution and transmission
11 losses. The commission shall allow public comment on any proposed methodology
12 under this subdivision for at least 90 days before the commission establishes the
13 methodology.

14 2. The kilowatt hour rates established under subd. 1. for customers are not less
15 than the retail rates of the electric utility for customers in the same class that are
16 in effect at the time the tariff is filed.

17 3. The tariff requires a retail customer to sell electricity generated by the solar
18 facilities to the same electric utility from which the customer obtains service.

19 4. The tariff provides for creating a credit on a retail customer's bill for any net
20 input to the electric utility's system that results from a purchase. If the amount of
21 the credit exceeds the amount owed for the billing period in which the credit was
22 created, the tariff shall allow the customer to apply the remaining balance of the
23 credit in any subsequent billing period that is no later than one year after the billing
24 period in which the credit was created.

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1 (c) Except as otherwise provided in this subsection, the commission shall
2 subject the filing and approval of value of solar tariffs to the same procedural
3 requirements that the commission applies to tariffs offering net metering.

4 (d) If a solar facility located at the premises of a retail customer of an electric
5 utility is eligible for net metering offered by the electric utility, the retail customer
6 shall have the option of accepting net metering or requiring the electric utility to
7 purchase electricity generated by the solar facility under the electric utility's value
8 of solar tariff. The commission shall ensure that value of solar tariffs and tariffs
9 offering net metering allow retail customers to exercise that option on a periodic
10 basis.

11 **SECTION 3.** 196.378 (4m) (a) of the statutes is amended to read:

12 196.378 (4m) (a) The commission may not impose on an electric provider any
13 requirement that increases the electric provider's renewable energy percentage
14 beyond that required under sub. (2) (a) 2. If an electric provider is in compliance with
15 the requirements of sub. (2) (a) 2., the commission may not require the electric
16 provider to undertake, administer, or fund any other renewable energy program.
17 This paragraph does not limit the authority of the commission to enforce an electric
18 provider's obligations under s. 196.374 or to require the filing of value of solar tariffs
19 under sub. (4j) (b).

20 (END)